

## Message Text

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PAGE 01 STATE 153393

16

ORIGIN EA-14

INFO OCT-01 ISO-00 L-03 SCI-06 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-03 H-03 INR-11 INT-08

LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02

SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03

OMB-01 SWF-02 FEA-02 DOTE-00 FAA-00 IO-14 /190 R

DRAFTED BY EA/PHL:HWEINLAND:PD

APPROVED BY EA/PHL:ECHULEN

EB/IFD/OIA:BBROOKENS (SUBS)

EB/OT/GCP:DDUNFORD (SUBS)

L/EB:DBURNS

SCI/SA:ARICHMOND (SUBS)

AID/GC:AGARDNER (SUBS PARA 2)

STR:DWHITNACK (SUBS)

COM/OTP/DND:RKLEIN (SUBS)

TREASURY:JJOHNSON (SUBS)

AGRICULTURE:JHOPKINS(SUBS)

AID/ASIA/EA:WHALL(SUBS PARA 3)

AID/STS:JHEILMAN(INFO)

----- 007666

R 161947Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

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E.O. 11652:GDS

TAGS: EGEN, EFIN, ETRD, RP, US

SUBJECT: PHILIPPINE ECONOMIC NEGOTIATIONS

REFS: A. MANILA 8242, B. MANILA 8363, C. MANILA 8393

1. ALTHOUGH MANILA DEVELOPMENTS REPORTED REF C SEEM TO  
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PAGE 02 STATE 153393

OBVIATE POSSIBILITY OF EARLY US-PHIL AGREEMENT ON POINTS

RAISED IN REFS A AND B, FOLLOWING INFORMATION OF U.S. POSITIONS MAY BE USEFUL SHOULD PHILS RETURN TO THESE POINTS AT SOME FUTURE TIME.

2. IN ANSWER TO REF A PARA 8, LEGISLATION TO ESTABLISH U.S. EXPORT DEVELOPMENT CREDIT FUND WAS KILLED LAST YEAR IN BOTH HOUSE OF REPRESENTATIVES AND SENATE FINANCE COMMITTEE. OPPOSITION WAS APPARENTLY QUITE STRONG. NO PROSPECTS OF REVIVING LEGISLATION THIS YEAR, FAINT PROSPECTS FOR NEXT YEAR. PROPOSED FUND WAS A LEGISLATIVE, NOT EXECUTIVE, INITIATIVE.

3. IN ANSWER TO REF A, PARA 9, WE REGRET THAT EARLIER CABLES ON SCIENTIFIC AND TECHNOLOGICAL COOPERATION WERE NOT ANSWERED. THIS FAILURE WAS DUE TO MISROUTING IN DEPARTMENT. FYI: THERE ARE SUBSTANTIVE OBJECTIONS TO ACCEPTING GOP LANGUAGE, PARTLY BECAUSE ESTABLISHMENT OF

RELATIONS ON SCIENTIFIC AND TECHNICAL COOPERATION SHOULD BE CONSIDERED SEPARATELY FROM ECONOMIC NEGOTIATIONS, AND MOSTLY BECAUSE THE PATTERN OF U.S. BILATERAL S&T AGREEMENTS IS ONE IN WHICH EACH SIDE SUPPORTS COMPONENTS OF PROGRAMS OF MUTUAL INTEREST. THERE SHOULD BE BENEFIT TO BOTH U.S. AND PHILS FROM COOPERATION. THESE BENEFITS NEED NOT BE 50-50, BUT SHOULD NONETHELESS BE MEASURABLE. END FYI. IF PHILS PRESS ON INCLUSION OF REFERENCE IN TRADE AGREEMENT, WE ARE AGREEABLE TO COUNTERING GOP LANGUAGE WITH FOLLOWING: "RECOGNIZING THAT SCIENCE AND TECHNOLOGY ARE IMPORTANT FOR THE DEVELOPMENT OF A COUNTRY AND THAT COOPERATION IN SCIENCE AND TECHNOLOGY CAN CONTRIBUTE TO ADVANCING THE STATE OF THE SCIENCES, THE UNITED STATES AND THE REPUBLIC OF THE PHILIPPINES AGREE TO EXPLORE WAYS OF DEVELOPING MUTUALLY BENEFICIAL COOPERATION, INCLUDING THE ESTABLISHMENT OF APPROPRIATE CHANNELS FOR DEVELOPING AND IMPLEMENTING PROGRAMS OF COLLABORATION BETWEEN RESEARCH CENTERS, AND OTHER FORMS OF SCIENTIFIC AND TECHNICAL COOPERATION." FYI. THE U.S. WOULD BE AGREEABLE TO EXPLORING MUTUALLY BENEFICIAL S&T AGREEMENT WITH PHILS, BUT BELIEVE TRADE AGREEMENT IS NOT BEST FORUM. END FYI.  
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PAGE 03 STATE 153393

4. WE FULLY SUPPORT POSITION YOU HAVE TAKEN IN PARAS 5 AND 6 REF A WITH RESPECT TO GOP PROPOSAL FOR ADVANCE COMMITMENT ON DUTY-FREE TREATMENT UNDER GSP. AS YOU POINTED OUT, WE DO NOT HAVE THE NECESSARY LEGISLATIVE AUTHORITY. FURTHERMORE, GIVEN THAT GSP IS VOLUNTARY AND DOES NOT REQUIRE RECIPROCAL CONCESSIONS, WE WOULD NOT CONSIDER IT APPROPRIATE TO BIND GSP PREFERENTIAL RATES,

EXCEPT IN STRICT ACCORDANCE WITH TERMS OF US LAW, WHEN ENACTED, AND IN RETURN FOR RECIPROCAL CONCESSIONS. GOP PROPOSAL WOULD, PRESUMABLY, REQUIRE THAT PHILIPPINES BE EXEMPT FROM COMPETITIVE NEED FORMULA CONTAINED IN PROPOSED GSP LEGISLATION. PROBLEMS THIS WOULD RAISE WERE DISCUSSED IN STATE 019256, PARA 4. REFERENCE TO LBJ PLEDGE AT PUNTA DEL ESTE SEEMS TO US INCORRECT. ON NOVEMBER 10, 1969, NIXON SAID UPON RELEASE OF THE ROCKEFELLER LATIN AMERICA REPORT: "I WANT TO SAY, HOWEVER, THAT IF FOR ANY REASON WE FIND IT NOT POSSIBLE TO ESTABLISH A SATISFACTORY SYSTEM OF GENERALIZED TARIFF PREFERENCES WITHIN A REASONABLE TIME, THEN THE U.S. WILL BE PREPARED TO CONSIDER OTHER ALTERNATIVE ACTIONS IT CAN TAKE TO ASSURE THAT THE AMERICAN NATIONS WILL HAVE PREFERENTIAL ACCESS TO THE U.S. MARKET." GOVERNOR ROCKEFELLER, WHO WAS WITH THE PRESIDENT AT THE TIME OF THE ABOVE STATEMENT, SUGGESTED THAT THESE ALTERNATIVE ACTIONS MIGHT ALSO APPLY TO OTHER LDC'S WHICH DO NOT RECEIVE PREFERENCES FROM OTHER INDUSTRIALIZED NATIONS. THESE NOVEMBER 10, 1969, REMARKS MAY BE THE SOURCE OF THE PHILIPPINE COMMENT.

5. PLEASE GIVE DETAILS ASAP OF U.S. PANEL OBSERVATIONS REFERRED TO IN REF B, PARA 8.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 JUL 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** GarlanWA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Disposition Reason:**  
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